

June 22, 1960

Investor's Reader

For a better understanding of business news



PARKE-DAVIS BOSS HARRY LOYND (see page 16)



CELANESE SCREEN PLAY

These models may not yet be quite attired for the beach but \$378,000,000-assets Celanese Corp of America has equipped them to safely brave the burning summer sun with no need for suntan lotions, creams or sprays. These gay sun-sombreros are made of Fortiflex polyethylene which absorbs ultra-violet sun rays just as some suntan lotions do. Celanese subsidiary Celanese Plastics supplies Fortiflex to American Atlas Corp of Richmond, Va which fashions the plastic sun bonnets in a number of colors to inhibit sunburn and promote glowing tans. A Celanese chemist explains: "As long as the wearer of one of these translucent shades stays within the shadow of the hat, sunburning will be retarded while enough sunlight will be allowed to filter through to give the wearer a tan."

New York-based Celanese Corp is eager to promote such plastics uses; it gleaned 17% of its \$265,000,000 sales last year from polyethylene, polyester resins and cellulose acetate plastic products. Another 20% came from chemicals such as acetic acid and acetone produced from liquefied petroleum gases.

Of course the bulk of sales (63%) still came from the company's cellulose yarns and filaments. The sum of all these activities brought 1959 earnings of \$22,600,000 (\$2.44 a share), 25% ahead of 1958. Volume has risen further this year but earnings have just about matched the 1959 pace. Meantime the 7,334,000 Celanese common shares trade on the Big Board at 24, down ten points from the 1959 high of 34.

INDEX	PAGE
American Biltrite builds	13
Atlantic Research probes space ...	24
Carlisle powwows on Big Board..	2
Coffee hears from Africa	7
Daystrom shows solid state	1
First National Bank of Miami	5
General Foods rich diet	8
Hazeltine radar scanner	10
Letters from readers	23
Michigan Seamless tube picture ..	20
Minneapolis-Honeywell spinmotor .	9
Parke-Davis spans broad spectrum	16
Sonotone takes to vitamins	12
Tri-Continental reinvestment plan .	1

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BUSINESS AT WORK

WALL STREET Compound Dividends

ONE OF the ways to make your money grow is to reinvest dividend income in the company which produced it. Big closed-end investment company Tri-Continental Corp wants to make it easier for its 37,000 stockholders to do so.

Hanover Bank, Tri-Continental's regular dividend agent, handles all details. It takes the cash accruing to holders who signify they want to reinvest their dividends, buys a sizable block of Tri-Con stock on the Big Board and then allots the proper number of shares to the individual investors. Cost is 70¢ each quarter for each shareholder, regardless of how many shares he holds.

Announced two months ago, the plan has already caught the fancy of 7.5% of Tri-Con's stockholders; it has also drawn interest from custodian accounts (for minors) and some trustee accounts. Of course,

many holders who buy Tri-Con through the Monthly Investment Plan (it is the fifth most popular MIP stock) already take advantage of the automatic reinvestment service available to all MIP purchasers.

Daystrom Design

THE 1960 annual report which T \$50,000,000-assets Daystrom mailed out two weeks ago spotlights an electronic phenomenon—the unique stability of the crystalline structure of solid state materials such as mixed opal, copper ore, quartz and tourmaline.

This makes modern electronicians like diversified Daystrom increasingly interested in “solid state” materials as opposed to vacuums, liquids and gases. The Daystrom report cover launches the company's campaign to familiarize the public with language and thought in the electronics industry. It will be carried on by a series of Time ads which

explain in layman's language the meaning of feed-back, memory, signal and noise.

Besides its intriguing cover, Daystrom's annual highlights a record-shattering year. Sales in the period ended March 31 reached a new high of \$90,600,000 *v* \$76,640,000 the previous year. Earnings increased a solid 88% to \$2,270,000 (\$2.48 a share) compared with fiscal 1959's \$1.32 (further reduced to 62¢ by a special inventory write-off). For fiscal 1961 Wall Streeters estimate continued good earnings, \$3 or better.

Daystrom sales were distributed fairly evenly among defense (37%), consumer (33%) and industrial (30%) products but "defense and consumer products" showed the sharpest gains last year.

Defense products range from individual components to sophisticated electronic systems used in missiles, aircraft, radar and nuclear subs. Consumer items include electronic equipment in kit form (Heathkits), metal-plastic furniture and photographic equipment; industrial products consist mainly of process control equipment.

To assure further progress Daystrom spent \$4 a share (pre tax) of its own money on R&D last fiscal year and has budgeted \$5.50 for 1960/61.

Daystrom's 914,000 shares of common reflect the good sales and earnings of fiscal 1960. DYM (Big Board ticker symbol) traded earlier this year at 35, moved up to 49 $\frac{3}{8}$, now trades around 48. But for an electronics issue this is still a relatively cheap 19 times earnings.

MANUFACTURING

Carlisle Growth From Inner Tubes To Outer Space

THE LEGENDARY Carlisle Indians led by Jim Thorpe and such other super-heroes as Gus Welch, Alex Alcasa and Joel Wheelock have beyond challenge earned sports immortality. And though the US Indian Industrial School expired in 1917 when the war-crowded Army moved back into Carlisle Barracks, the saga of "the stalwart Red Men who made the town world famous" is still very much alive in the hearts of the 16,000 residents of Carlisle.

This month the small Pennsylvania city, 30 miles due north of Gettysburg, and the Carlisle Indians moved up to the Big League as \$14,000,000-assets Carlisle Corp made its NYSE debut. Born the year the school died, the company has remained loyal to its home town and its tradition—features as its trademark the proud profile of an Indian chief (the same which appears on the front of the buffalo nickel). Starting in life as Carlisle Tire & Rubber with its principal interest in inner tubes the company now has extended its Indian chief's imprint to a wide variety of rubber, plastic and precision miniature wire & cable products.

In 1944 control of Carlisle was acquired by another tire & tube specialist, Pharis Tire & Rubber of Newark, Ohio. Four years later Pharis went out of business and the Carlisle stock was distributed to Pharis stockholders as a liquidating dividend. At this time Carlisle was



President George Dixon (r) in Big Board debut

a substantial manufacturer of inner tubes for autos, trucks and airplanes and through Pharis entered the bicycle tire field. It has maintained its position in these fields (though the tubeless tire has cut into auto tube volume). But today rubber products account for only two-fifths of total Carlisle volume.

Carlisle took the first step toward diversification in 1949 when it acquired Dart Truck, a producer of heavy-duty off-highway vehicles. Five years later the company further expanded its product lines with the acquisition of Stoner Rubber Company of Anaheim, Cal which makes specialty rubber products for the aircraft and petroleum industries. In a somewhat intricate corporate maneuver, Carlisle in 1954 also bought for stock closely held hydraulic lift manufacturer Rotary

Lift, the next year spun off Rotary which then became one of the founding units of well diversified Dover Corp.

Neither did Dart Truck remain a permanent resident of the Carlisle wigwam. Although the subsidiary contributed substantially to earnings, the parent company felt it did not quite fit in the Carlisle picture and in early 1958 sold Dart for \$3,500,000 to Pacific Car & Foundry of Renton, Wash. That April the company bought Geauga Industries, a producer of rubber & plastic extruded and molded products used mainly in appliances. Carlisle president George F Dixon comments on the substitution: "Geauga was more in line with our main business and offered interesting growth prospects."

Last year the company further di-

versified with the purchase of Tensolite Insulated Wire of Tarrytown, NY. This specialty manufacturer makes high-temperature, Teflon-covered precision wire and cable used extensively as connective tissue in guided missiles, rockets, jet aircraft and electronic computers.

Last year these lines plus Carlisle's old standbys summed a record sales total of \$22,600,000, or 52% above 1958 and double five years ago. Earnings were also a record \$1,400,000 (\$1.22 a share adjusted for a 2-for-1 split this May), 35% ahead of 1958 and almost twice the 1954 total.

But Carlisle is not content with its present record. This January the company's new space-age wire venture was further expanded with the acquisition of International Wire Products of Midland Park, NJ. President Dixon notes: "The company is expected to add about \$3,000,000 to sales this year."

President Dixon concedes: "We're always looking for new acquisitions." But he adds: "We're looking for ones we'll be able to integrate into our present operations either through marketing, research or engineering." For the more immediate future George Dixon sees "increased integration of our present operations." A current example: Geauga developed an extruded rubber jacket for a complex cable assembly produced by fellow subsidiary Tensolite.

Headman Dixon also feels "our Big Board listing will be helpful in any future acquisitions. Companies are always interested in obtaining

a stock that is highly marketable."

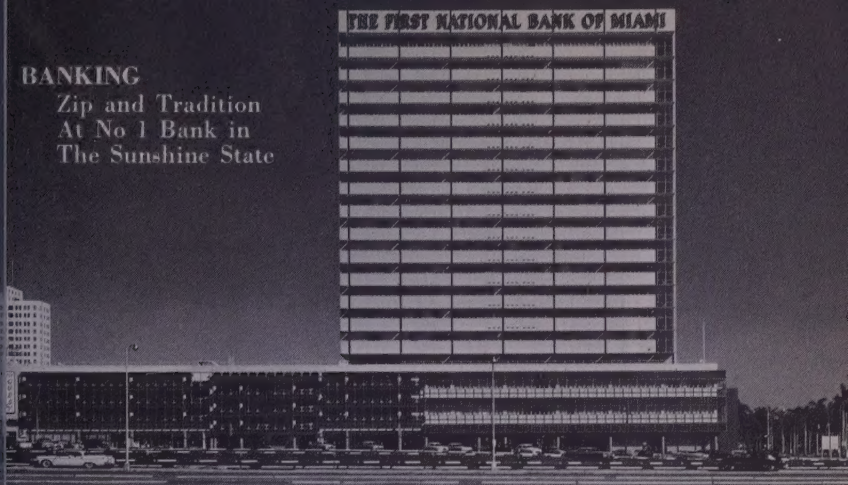
But Carlisle also plans growth for present products. This year Carlisle Tire & Rubber division facilities in Carlisle are to be expanded by 15%. President Dixon comments: "Contrary to what most folks think inner tube replacement sales have increased 14% since 1954." And he adds: "When a tubeless tire needs repair the safest way to fix it is with an inner tube." Interestingly enough, although all original tires on new cars are now tubeless, the reverse trend is evident in original equipment on trucks. As George Dixon explains: "Here is a definite trend back to tubes."

Also in for some internal growth is Carlisle's bicycle tire production. Notes the president: "The teenage population keeps growing and our sales along with it so we'll be expanding our bicycle tire capacity by 25% with new equipment by Summer." Also a 30,000 square foot addition to the Geauga Industries plant is now reaching completion.

After surveying Carlisle's longer-range plans engineer Dixon (graduate engineer from West Point, Master's from Cornell and Doctorate from Grenoble in France) applies his scale and slide rule to the near term. He notes: "Our second quarter should be the same or a little better than the \$6,300,000 sales and 29¢ a share earnings of the first quarter of 1960." For the full year he expects "sales to exceed \$26,000,000" and Wall Streeters estimate earnings around \$1.40 a share on the 1,200,000 shares now outstanding.

BANKING

Zip and Tradition
At No 1 Bank in
The Sunshine State



FITTINGLY ENOUGH one of the newest and largest buildings in the whole state of Florida is owned by the largest of 300 banks in the state—the First National Bank of Miami. The striking edifice was finished barely a year ago; in design and purpose it is characteristic of the glitter of the Florida Gold Coast.

First National was founded in 1902 just six years after the birth of Miami itself. First day deposits were \$7,605 which a local newsman called “most flattering.”

Since then the bank has been through boom & bust and boom again. First National got the acid taste of depression long before Yankee bankers knew the word. In the Florida real estate bubble of the mid-Twenties deposits soared to \$66,700,000 only to shrink to less than \$12,000,000 a few years later. First National was the only bank in Miami to stay solvent.

This chill memory is one reason why First National today insists on the conservative approach. But in

cadence with the time and the area it is aggressive with such things as personal savings (started 1903), trust department (1914), international banking (1946), instalment loans (1950), electronic bookkeeping (1958) and magnetic ink on checks (1960).

Aided by the expansion of “Metro” Miami, the bank has shown good growth over the years and excellent growth in the past decade. Since the beginning of 1950 deposits have jumped from \$127,137,000 to about \$310,000,000 at last count, total capital has increased from \$7,895,000 to \$24,100,000 and net operating earnings have almost quadrupled from \$621,000 to a record \$2,207,000 last year. The 1959 figure is significant because it is after the large expense of moving into the new quarters.

Stockholders have shared generously in this progress. In the past decade there have been no less than five stock dividends, splits or rights offerings. There are 750,000 shares



Chairman Kimball (r) tells president Crum

outstanding held by 1,100 stockholders. Bank officials are proud of two things: 1) 58% of all stock is held right in Dade County; 2) one in ten of the 760 employees is a stockholder.

The combination of small capitalization and small ownership makes for a thin over-the-counter market. Adjusted for a 2½-for-1 split in 1955 the shares climbed from a low of 17 in 1954 to a high of 68 in 1960, now trade around 62. Dividends have been paid without a break for 58 years; current rate is \$1.60 a year.

Cosmopolite Pair. Top men at the First are chairman Comer J Kimball and president Ralph W Crum, a cosmopolitan pair for a cosmopolitan city. At 58, Virginia grad Kimball has been in finance in Europe, New York (Bankers Trust),

Georgia and Florida. In 1946 he helped negotiate purchase of control of the First National by the Wiley Reynolds interests of Palm Beach. At 63, Maryland grad Crum has been a banker for 40 years in such assorted spots as New York, California, New Jersey and Florida.

Last week Ralph Crum serenely meditated the liltng waters of Biscayne Bay and commented: "We're all proud of our gains but we don't kid ourselves there are no problems. Money is tight. Our deposits should be \$30-to-40,000,000 higher than they are. Nonetheless our profits in the first quarter were very good.

"Down here we have a law which says 'no branch banking' and were it not for that we'd be much larger. I don't think there's any chance the law will be changed for a long time.

Like other businessmen we sometimes have a hard job getting the right people and that's why we have a training program. Like other bankers around here we get competition from the S&Ls [savings & loan institutions]."

Ralph Crum puffed a thin cigar: "There are more plus signs than minus. Our trust department administers as many assets as all commercial deposits; Florida laws help us here. We have 200 correspondent bank accounts and the business continues to grow. Our international business is up. I guess our biggest problem is how to stay ahead of the tremendous growth of this area."

FOODS

African Java

TO THE DISTRESS of South American coffee growers and the undoubted distaste of tradition-bound old-style coffee connoisseurs, the increasingly instant-oriented US coffee market now finds one-third of its customers putting the "soluble" powdery stuff into its shopping carts. In the process African coffee beans have during the past decade made big inroads into what once was a strictly Latin American preserve.

Brazil and Colombia still are the top two US coffee suppliers with 1.4 billion and 647,000,000 pounds last year. They are followed at a respectable distance by Africa which shipped in 400,000,000 pounds or 13% of US imports. Ten years earlier Africa supplied only 56,500,000 pounds or less than 2% of the US market.

Instantans promote the African trend because the extensive processing necessary to reduce the bean to readily soluble form makes the neutral African beans desirable fillers—and they are considerably cheaper. In obvious self-defense (even though Finance Minister Sebastiao Paes de Almeida disclaimed "intent to compete with anyone") Brazil recently sold over 132,000,000 pounds of Brazilian Coffee Institute "old crop" beans to a number of US soluble processors for 27½¢ a pound or 61½¢ under the regular coffee price. The sale was made in combination with current crop coffees at market prices.

Pleasant enough for inflation-heavy coffee drinkers but burdensome for the economy of coffee countries, the husky African competition plus vast South American overproduction in recent years has driven the price of all grades close to a ten-year low. Angola, the basic African grade, currently brings about 26¢ a pound in the New York spot market *v* 46¢ five years ago. Brazil's key Santos No 4 grade sells for about 37¼¢ compared with the fancy alltime high of 95¢ in April 1954 and 58¢ in the Spring of 1955.

High quality Colombian "milds" have taken less of a beating from the African invaders, are priced around 44¢ in the New York market *v* 61½¢ five years ago. Thus Colombians today enjoy about a 6¾¢ premium over Santos, almost twice as much as five years ago.

Prices might have dripped further but for the stabilizing effect of

last year's International Coffee Agreement. Now prices may stop draining with growers cooperating more in marketing and a promising lift in consumption both in the US and abroad. Last year coffee usage gained 3.6% to a record 2.4 billion pounds and so far in 1960 roastings are up another 1.7%.

One indication the coffee market may be gaining more "body" comes from the trading ring of the New York Coffee & Sugar Exchange. In recent years contracts for future delivery have been selling at a 5-to-17¢ discount from spot prices in constant anticipation of further weakness. But last week the May 1961 "B" contract (which calls for delivery of 32,500 pounds of Santos No 4 or other specified Brazilian coffees) traded around 33½¢, only 3¾¢ below the spot market. Coffee experts consider this diminished discount a harbinger of a firmer market.

Meantime the "M" contract which deals in the finer grade Colombian milds as well as Mexican and certain Central American coffees has followed the pattern of the "B" contract with an even smaller discount. Less than 3¢ separates the "nearest" and "furthest" delivery positions.

Alert to trade shifts, the Exchange has also inaugurated an "R" contract (for Robusta, the term applied to most African coffees). So far however trading in this infant (four-month-old) contract has been negligible; last week there were only 48 open contracts outstanding compared to an open interest of 880 "M" and 1,380 "B" contracts.

However, what with the continued

instant trend, coffee traders feel interest may pick up as the African contract becomes more familiar—and perhaps is modified to meet some technical considerations. For instance, while the basic "R" contract calls for delivery of 33,000 pounds of Angola, roasters must consider that a number of other African coffees can be substituted at varying discounts.

General Trend

THE FOOD business is often regarded as a defensive industry—one in which to invest when the cycle swings against the heavier sectors of US industry. But industry leader General Foods has been ignoring these precepts by rising in a steady line.

The annual report for the year ended March 31 which was released last week shows no departure from this pattern. Sales rose for the 27th straight year to nearly \$1.2 billion and net earnings rose for the eighth year in a row to \$61,100,000 or \$4.96 a share. This compares with \$1 billion sales and \$54,100,000 or \$4.42 a share earnings for fiscal 1958/9. Back in 1950 the tally was only \$589,200,000 in sales and \$2.29 a share profits.

What pleases General Foods officials and, no doubt, stockholders, is the fact new products developed in the last ten years contributed \$163,000,000 to sales in 1959/60, an increase of 26% over the year before. Two brand new lines debuted in the General Foods repertory, Birds Eye Frozen Instant Baby Foods and New Horizon Foods. The

baby foods include 17 different strained products, including fruits, vegetables, soups, meat dinners and a pudding, all in "quick-frozen, free-flowing crystals to which water or milk is added." New Horizon Foods, including Italian Casserole and Instant Buffay, are dry shelf products stressing high protein content.

The steady upward sales and profit curve enabled the company to raise dividends twice within eleven months; it now pays 70¢ quarterly on its present shares. The term "present" shares is important since on July 27 the 64,000 holders will vote a 2-for-1 split. Meanwhile the stock trades at a new alltime high of 123. For a number of years prior to 1953 the stock (adjusted for a 2-for-1 split in 1956) sold in the low twenties.

ELECTRONICS

Steady Space Guide

AS ESSENTIAL to the flight of a missile or space vehicle as brain and heart to a human is a gyroscope. Its job is to measure and help resist any forces which tend to send the missile off course.

Two weeks ago Minneapolis-Honeywell Regulator Company triumphantly announced a tiny eight-ounce gyroscope (see picture), not only lighter but also considerably more efficient than older versions.

Honeywell calls its new gyro ten times more accurate than ball bearing gyros. It will allow missiles now already accurate within a few miles on a 7,000-mile jaunt to be accurate within tenths of miles.

The innovation has been accom-

plished by two seemingly simple steps: 1) helium instead of ball bearings between the moving and stationary parts of the gyroscope, thus reducing friction to a negligible amount; 2) a ceramic material (aluminum is the chief component, others are classified) for the wheel and its housing, instead of such a metal as beryllium; this saves weight and adds even greater resistance to extreme temperatures.

The "gas-bearing ceramic gyroscope" has already been signed up for "one missile or space vehicle" job and Honeywell expects to do a good business providing more for other projects. The fast-moving controls company will have to catch its breath before it can begin thinking about how to apply the new method to civilian use.

Announcement of the new gyroscope (which included mention of another even more advanced type under study—it will use electrostatic

M-H scrutinizes gyro



principles) gave M-H stock a seven point upward thrust in one day to 178¾. It now trades back at 170. Morale of the 20,000 stockholders was not hurt by the news Honeywell plans to build a 227,000 square foot multi-million dollar addition to its Golden Valley, Minn temperature controls plant.

Hazeltine Sees Hard Work Plus Experience Pay Off In Government Contracts

THE FLAT HORIZON of suburban Little Neck, Long Island with its ranch and split-level houses is broken by a 50-foot radar test tower of \$31,000,000-assets Hazeltine Corp. The company's farsighted radar can count the number of cars moving across the Triborough Bridge 10 miles to the west; even more startling it can spot a walking figure six miles off, pinpoint the position and even tell whether it is a man or woman (women take quicker, shorter strides).

Such extra-sensory perception is gleaned from the change in the frequency of radio waves as they are reflected from moving objects. The exceptional perspicuity of Hazeltine's radar is the result of development work done by the 36-year-old electronics specialist in cooperation with various Government agencies.

Founded in 1924 in the struggling early days of radio, Hazeltine first gleaned profits from licensing its radio patents. But the company got its real launch into electronic design and production during War II when the Government recruited its technical and engineering skills for

its infant radar service. Its fine war record put Hazeltine in a favorable position to secure defense contracts.

President Webster H Wilson who joined Hazeltine in 1946 after storing his lieutenant commander's "blue suit" comments: "Contrary to what some people think, Government contracts are not found money—there's no such thing as easy money from Uncle Sam." Vice chairman Wilfred McFarland contributes: "Our biggest asset is our reputation and ability to produce a quality product. You can give the Government a poor job once but you ruin your chances of any further contracts. You've got to contribute—you don't get something for nothing."

On the other hand, Hazeltine bids on only some 50% of the Government invitations offered. "You've got to know the ins & outs of Government work. We know our capabilities and don't get in over our heads." Hazeltine projects include work on IFF (Identification Friend or Foe) system, airborne early warning radar (including all ground support and handling equipment), sonobuoys which are dropped from planes to pick up sounds of underwater craft and automatically transmit them back to the aircraft overhead, missile and guidance equipment, new combat surveillance radar, display equipment (the control and viewing apparatus) for all types of radar surveillance and even small backpack radar for ground troops.

Engineer president Wilson (MIT '36) reports Government work makes up the greatest part of Hazeltine's gross. However, the company still

receives royalties on various license and patent rights (it has a very strong position in color TV patents) and does a small amount of commercial business. But Bill McFarland is quick to point out: "We don't make anything to sell to the general public; our equipment and systems are specifically designed, developed and manufactured primarily for Government use."

Last year gross billings came to \$55,800,000, down from the \$58,900,000 of 1958. But profits rose to \$2,700,000 or \$1.80 a share, an increase of 21% over 1958.

Project Cycles. Headman Wilson considers some volume fluctuations inevitable. "In our business contracts run for an average of a year and a half and the amount of time needed for R&D is extremely variable; thus a calendar year is not the best measure of how well our company is doing." Hazeltine is presently involved in 114 different projects which lessens risks and staggers delivery dates.

President Wilson elaborates: "In 1955 Hazeltine became the largest sub-contractor to IBM on the important SAGE electronic warning system. This project is only now phasing out. In turn, most contracts secured this year will not add materially to earnings until 1961 or later."

At present president Wilson expects 1960 "to be about the same as 1959." The company releases no quarterly statements; vice chairman McFarland states: "In light of our uneven contract schedules, quarterly reports would be the worst thing we



V-P's Beam, McFarland, prexy Wilson

could do for our stockholders."

Hazeltine has been quoted on the Amex since its incorporation in 1924. Last week the 1,500,000 shares were around 30.

The core of Hazeltine's operations is its technically skilled engineering team which encompasses "1,800 of the company's 3,500 employees." Most advance work is carried on in the separate R&D facilities at Plainview, farther out on Long Island, where "we've come up with some promising ideas." In pursuing various sonar studies "we've listened to talking lobsters and shrimps" but Little Neck Bay's famed clams have so far maintained radio silence.

The company's efforts are not confined to home waters. In early 1960 Hazeltine set up an international department to handle business from foreign governments. Unlike most companies, Bill McFarland notes, "we've been sought out by foreign governments—we've got the know-how they need."

Hazeltine is also sought after at



Radar system modulator

I hadn't had a leave in four years. Chief MacDonald was understanding—"well we'll expect to see you on Tuesday then." Next to joining the Navy this was the quickest job I ever got and it has meant exciting hard work ever since."

Sonotone Pickup

LONG-TIME caterer to the hard-of-hearing Sonotone Corp is now eager to build up customers' physiques. In April its hearing aid distributors began to market the company's new line of vitamins called Sonomins. The pills are made by Strong, Cobb, Arner Inc of Buffalo "to formulas developed by Sonotone."

President Irving I Schachtel explains: "We are still selling the vitamins on a trial basis but it is almost permanent now. They are going well and we intend to nationally advertise Sonomins in July." The vitamins are divided into two classes, pills for people over 50 and ones for the younger folks.

Irv Schachtel says "it's too early to predict sales" but "by the end of 1961 I hope our vitamins will represent a \$1½-to-2 million business." President Schachtel further notes: "The vitamins are priced competitively. The ones for the older group are \$6.75 a hundred and the others, \$4.95." Sonotone warns its dealers not to sell vitamins as an aid to hearing. The company simply thinks vitamins are a product it is well set up to market.

While looking for extra vitamin vitality, Sonotone has generally

home. "We are constantly asked by large companies if we're interested in merging." But Hazeltine management feels this would likely infringe on "our unique identity." However management does not "close its ears; we listen but don't necessarily say yes."

As to the company's own acquisition-mindedness, "if something comes along where we feel the one-plus-one combination would add up to three, we'd consider it."

Meantime the company works hard on its own. To illustrate its work-plus philosophy, president Wilson relates how he first joined Hazeltine: "I met William MacDonald [a company founder and now chairman of the board] during the war. After I got back to the States I gave him a call the Friday I was mustered out. 'Why don't you come in and see us on Monday?' I was a little aghast—

been successful with its other ventures. Last year sales rose 15% to a record \$24,800,000 while net income moved up faster to a new high of \$1,132,000 or 96¢ a share from 71¢. President Schachtel proudly notes "all three of our product lines showed increases." The trio: 1) hearing aids which account for about half of total volume; 2) nickel-cadmium batteries which bring in a fifth of sales; 3) electronic tubes, phono cartridges, hi-fi pickups and ceramic microphones.

In 1960 first quarter sales dipped 6% to \$5,400,000 while profits fell to \$176,000 or 15¢ a share from 19¢. President Schachtel attributes the decline to "Government rescheduling of military battery deliveries" but he hopes Sonotone "will pick up the delayed orders later this year. Prior to the fatal summit conference there was talk of cutback in military orders but I think the philosophy is changed now." Sonotone nickel-cadmium batteries are used in virtually all military and commercial jets, "every one of the US satellites" and various missiles including the Atlas, Titan, Nike, Corporal.

Irv Schachtel also counts on some new products to take up the first quarter slack. One is the "Sonotone 66," a "supersensitive" hearing aid introduced in April which weighs no more than a 50¢ piece and is the size of a lump of sugar. President Schachtel describes the 66 as "fabulous, a remarkable success."

A Sonotone-developed remote control unit for TV sets "is just out and is being sampled by four major manufacturers." And for the longer

pull Sonotone is working with American Motors to develop an electric auto powered by nickel-cadmium batteries. Irv Schachtel admits "its development will be a slow process. If the electric car works out at all it will be two or three years."

Time Lag

AS A RULE stockholders are cheered by news of a stock split since it often brings with it additional tidings of extra dividends. This happened when General Time directors in January proposed a 4-for-1 split, announced intentions—"depending on the circumstances at the time"—to pay 12½¢ quarterly. Equal to half a buck on the old shares, this would have doubled the electronics & clock outfit's payout.

But circumstances proved undependable. General Time managed to net only 41¢ an old share in the first quarter v 69¢ the year before and the second quarter is also running behind last year. So after the June dividend meeting General Time president Donald J Hawthorne revealed "directors have decided not to double the dividend as planned," instead voted 6¼¢ on the new shares for no increase at all. Result: General Time common which had been trading close to its alltime adjusted high of 33 last week was off to 26.

RUBBER

Bilrite on Solid Ground

MOST INVESTORS have never heard of a down-to-earth enterprise called American Bilrite Rubber Company headquartered in Chelsea, Mass. Reason is the two

founding families sold the first public stock a year ago—a block of 325,000 shares at 24¼.

Biltrite's solid products are shoe heels and soles under "Biltrite" and "Everlite" trademarks and a line of flooring called "Amtico" which ranges from plush vinyl to less expensive "plastex." While in Manhattan for a recent sales conference treasurer Richard J. Marcus commented: "We're still getting used to telling people what we do. No one used to care, so long as we paid our bills."

Fifty-year-old Richard is a son of co-founder and current chairman Miah Marcus. Other family members in the present set-up include Richard's brother Robert G., vp in charge of flooring, and three sons of late co-founder Frank Bernstein—president Maurice J. and vice presidents David W. and Eliot L. Following in grandfather's and father's Biltrite footsteps is Richard's son William, 22.

Like many a private company turned public, Biltrite's first statements show an impressive record. "When I started in 1932, sales were \$3,000,000," Dick Marcus recalls. Last year they exceeded \$70,000,000. Annual report No. 1 also shows sales reached a new peak each year and more than doubled since 1955 while earnings tripled. Sales for the first public year increased one-sixth while earnings of \$3,000,000 or \$2.13 a share *v* \$1.74 represent a 31% rise.

The company was founded in 1908 in Trenton, NJ on \$25,000 capital. Two years later it was moved

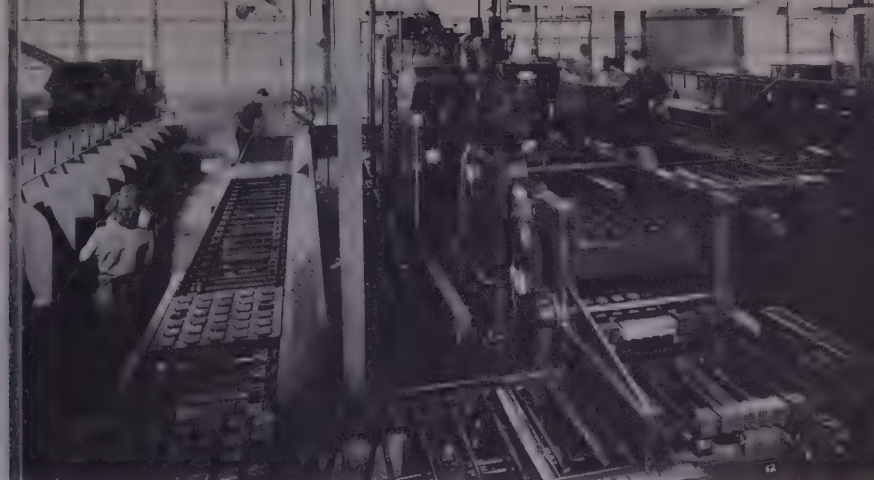
to Stoughton, Mass.—near the center of America's shoemaking trade. In 1913 the company started a Canadian offshoot. Meanwhile a tile and rubber flooring business was added in Trenton in 1917. It also prospered.

Today \$37,000,000-assets Biltrite claims it is the world's largest producer of soling materials and "one of the two largest" makers of vinyl and rubber floor coverings. It also is top Canadian producer of both heels & soles and flooring.

Footwear products now contribute about 45% of sales, flooring 30%. The remaining 25% shows Biltrite's diversification to a new line—industrial rubber goods—via a 1957 merger with Boston Woven Hose & Rubber Company. Boston Woven was founded in 1880 and had annual sales of \$20,000,000 at merger time.

A leader in hoses, it makes its specialty for uses from gardening to quarrying in diameters ranging from ¼ to 42 inches. Other products are conveyor belts, matting and stair treads, "Bulldog" industrial tape and V-belts. Also jar rings which Dick Marcus calls "a dying business because of the decrease in home canning." Jar rings notwithstanding, he regards Boston Woven as his company's hottest growth prospect "because of the size of the market and our relatively small percentage of it."

Next on treasurer Marcus' list of growth items is Amtico flooring which has doubled in volume in the last five years. Meanwhile shoe soles are still the product for which Biltrite is best known. These are mass-



Biltrite heels ride before they walk

produced in sheet form by a special Biltrite process. Four-fifths of its heels & soles are sold to over 1,000 shoe manufacturers, the remainder to repair shops. Chief material is synthetic rubber, most of which comes from 18%-owned American Synthetic.

Through the vinyl flooring business, Biltrite is experienced with plastic as well as rubber synthesis. When asked about plastics for shoe soles, Dick Marcus replied: "So far our research finds it can't match rubber. However, while they may not be used for soles, our expanding research program in synthetics is coming up with some really exciting materials."

To handle its increased volume, Biltrite is currently on the largest expansion program in its history. Projects completed or now under way are an addition to the Canadian plant in Sherbrooke, Ontario, a plant for the small chemicals division in Conway, NC, additional flooring fa-

cilities in Trenton, a heel & sole plant in Ripley, Mass and a plant for industrial products in Hohenwald, Tenn. Last year Biltrite went overseas, entered into an agreement with Humanco Ltd for sale of Amtico flooring in Britain. Says Dick Marcus: "If distribution expands as expected, a plant there may be forthcoming."

If American Biltrite fortunes continue to rise, principal benefactors will still be the Marcus and Bernstein families who own 77% of the stock. The remaining 23% trades over-the-counter around 27 bid. With the mid-year tally due in two weeks treasurer Marcus reports five-month sales are ahead of last year though earnings are slightly off—partly because of non-recurring expansion expenses. "It looks like the first half is holding its own with last year and we're hopeful the second half will be better." Marcus adds, "I keep expecting we may slip back a bit, but we go on growing."

Parke-Davis Lifts Its Face

Venerable Druggist
Modernizes Facilities
And Expands Globally

VERY PROUD of the long and successful history of Parke, Davis & Company president Harry J Loynd likes to stress detail: "Lots of our people realize the company was founded in Detroit in 1866 but very few know it was the Friday morning of October 26." Then to set the proper historical atmosphere he flips across his wide teakwood desk a copy of the *Detroit Free Press* of the same vintage along with an early Parke-Davis catalog listing such popular drugs of the day as Button Snake Root and Cucumber Tree Flowers.

Needless to say the \$204,000,000-assets druggist has come a long way from the time when Hervey C Parke was extracting these "plant drugs" in a single building on the Detroit River while George S Davis peddled them. Currently Parke-Davis employs 11,000 people to turn out pharmaceuticals (many by chemical synthesis) in huge complex labs laden with pipes and tanks. In fact the company maintains it takes three days to tour just the facilities in the Detroit area. A big chunk of the manufacturing is still done on the original site but Parke-Davis also has five other US and Canadian plants plus another 18 installations abroad.

Harry Loynd continues: "We now sell approximately 600 products in 1,200 packages. This has been cut from 2,200 products in 6,000 pack-

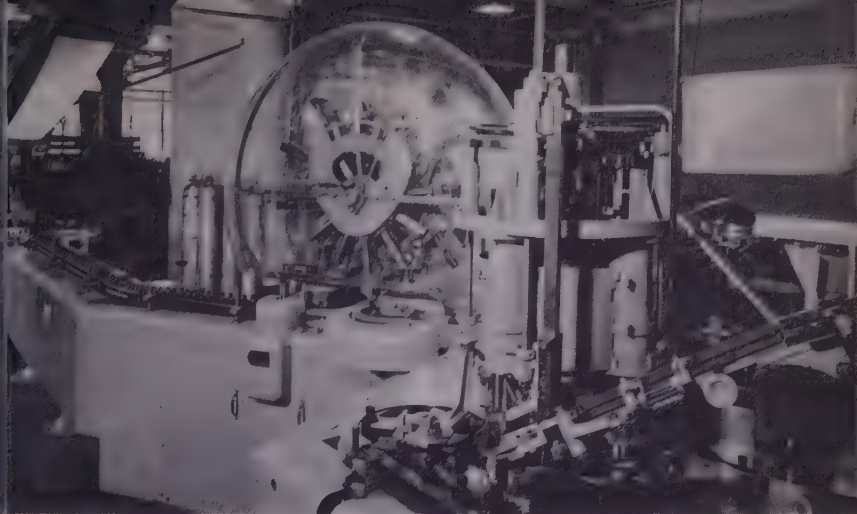
ages in the last 20 years." He adds: "I think the number will grow even smaller in the future." This is "due to advances in treatment since a single drug now takes the place of several old ones."

Such a drug is the company's own broad spectrum antibiotic Chloromycetin. Other Parke-Davis pharmaceuticals are vitamins, anti-histaminics, vaccines and anti-epileptics. Harry Loynd describes Parke-Davis drugs as "mostly ethical. That is to say almost 80% of our products are sold by prescription. The rest can be bought over the drug counter. This category includes our vitamins, surgical dressings, Caladryl [relieves itching], medicated throat discs and Alophene [laxative] pills."

Broad Spectrum. But by far the most important product to Parke-Davis is Chloromycetin which contributes around two-fifths of total volume. However Harry Loynd stresses: "We are not too dependent on Chloromycetin. Its sales will continue to increase but its percentage of our total volume will drop as we introduce new products."

Chloromycetin was brought out by Parke-Davis in 1949 and is now one of the world's largest selling drugs. It competes with other well established antibiotics such as Aureomycin of American Cyanamid's Lederle Labs and Pfizer's Terramycin.

As for penicillin, the granddaddy of the broad spectrum drugs, "we have never been in that field and we don't intend to enter it." In the past



Parke-Davis fills its bottles

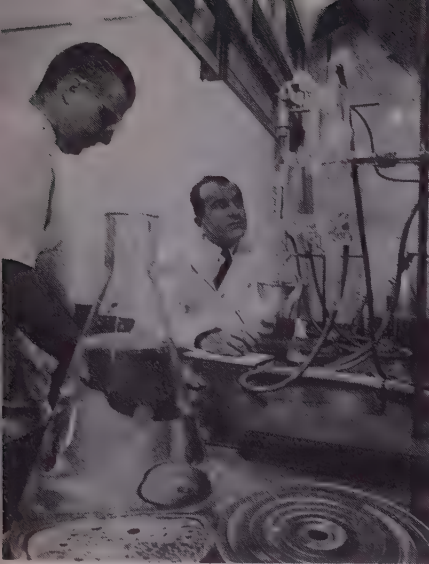
few months several revisions of "wonder drugs" have hit the market including man-made penicillins by Bristol-Myers and Pfizer, Lederle's Declomycin and Warner-Lambert's Coly-mycin. But president Loynd is not bothered by the heightened competition. "We will maintain and improve our share of the antibiotic market. On a world-wide basis we sold a record \$80,000,000 worth of Chloromycetin last year compared to \$66,000,000 in 1958. We will sell even more this year." He credits the rising sales "to only one thing. It is a terrific drug."

But Chloromycetin has not always had such a healthful effect on the company's business. In 1952, as the company gingerly phrases it, "unfavorable publicity was focused on Chloromycetin because of several disturbing papers in medical journals as well as newspapers about the possibility of serious side effects." As a result Parke-Davis total sales

dropped \$28,000,000 in two years to 1953's \$110,000,000. This May the AMA published another report cautioning against indiscriminate use of Chloromycetin but Harry Loynd says: "There was nothing new in it. It was the same old case."

The Food & Drug Administration cleared Chloromycetin in December 1952 and sales gradually recovered until in each of the past three years Parke-Davis scored new alltime highs in both sales and earnings. In 1959 volume reached \$192,000,000 (11% better than 1958) while net income climbed to \$31,000,000 or \$2.09 a share from \$1.89.

Also at a high are dividends which have been paid each year since 1878; only ten companies on the Big Board have longer records. For the past two years the rate has been 25¢ quarterly. Payments were padded by a 40¢ extra last December (30¢ in 1958) but Harry Loynd does not "yet know whether we will



Research in Ann Arbor

be able to pay it again this year.”

Traded on the Big Board as PDC, the 15,000,000 common shares which sold around 11 as late as 1955 and 18 in 1958 soared to a peak of 49 a year ago. After a dip to 36 earlier this year, they were only a point below the high last week.

Senate Study. The current stock action indicates little market concern about the effect of the Kefauver Committee hearings which are expected to turn to antibiotics in August. Harry Loynd says: “We have no idea whether we will be called in but the result of the investigation should not affect our progress at all.” He insists: “There is no crime in making a profit if you make it honestly and distribute it properly.”

If & when Parke-Davis is summoned to the witness chair, the 38,900 Parke-Davis stockholders (up 10,000 from 1958) can be sure of

a forceful presentation by Harry Loynd. The vigorous executive was born 62 years ago in a log cabin in Springville, Utah. He worked his way through the State University by firing boilers, also tried his hand as a waiter, dish washer and janitor in the school medical laboratory. After graduating with a BS degree in 1922 (his schooling was interrupted by a War I stint in the Navy) young Loynd went with Pacific Coast retail chain Owl Drug Company (now part of Rexall). He managed several Owl stores and was in charge of a San Francisco unit when he switched to Parke-Davis in 1931. He had to take a \$5,000 pay cut doing it but felt Parke-Davis offered “a better future.”

In 1942 he became assistant sales manager, two years later assistant to the president, two years after that a director. He was elected top man in 1951. Along the way president Loynd acquired a taste for golf (he often shoots in the seventies), hunting, fishing for trout and sailfish. He is the proud father of an adopted daughter Sandra, now 19.

On the Job. But like most executives Harry Loynd spends most of his time at Parke-Davis. In the nine years since he became president the company has spent \$68,300,000 for expansion, all financed from retained earnings. “We have built a vaccine plant in Rochester, Mich and 16 new branch offices all the way from New York to San Francisco. In addition we opened Canadian offices in Toronto, Winnipeg and Vancouver plus a manufacturing laboratory in Brockville, Ontario. We have also added twelve new foreign facilities

including Mexico, Venezuela, Cuba, Brazil, South Africa, Italy and Belgium."

Parke-Davis has also just completed an extensive \$1,200,000 remodeling of the Detroit executive offices. And two months ago in Ann Arbor Harry Loynd presided at the official opening of "the most modern and up-to-date medical research center in the world." The \$13,500,000 facility took five years to construct, boasts five buildings and 251,000 square feet of space. President Loynd says: "We spent 1½ years studying 24 locations and decided Ann Arbor was tops for labor, taxes, atmosphere. Being close to the University of Michigan we can attract better scientific people." About 60% of Parke-Davis research will be done in Ann Arbor, 30% in Detroit and a tenth overseas in Hounslow (outside London).

Parke-Davis combined the formal opening of the research center with its annual meeting where 1,000 assembled stockholders were pleased by record first quarter results. Sales rose 19% to \$53,400,000 while net income climbed twice as fast to \$9,600,000 or 64¢ a share *v* 47¢. Harry Loynd warned his listeners "not to project this earnings rate for the full year by a simple multiplication of four. In this period we had unusually high sales due to flu epidemics in certain parts of the world plus benefits from drugs we introduced late last year." Even so president Loynd upped his estimate for the year to "a 12% sales increase and a 15% net income gain" from an earlier 10% for both.

Prescription Path. One of the new products is Quadrigen, a four-in-one vaccine for polio, whooping cough, tetanus and diphtheria. "We brought this out last July and it has outsold our own sales projection." Povav for pinworm which was introduced last Fall "is selling beyond our expectations." Resprogen, another late 1959 entry, is directed at the common cold. It contains four strains of influenza and three strains of adenovirus vaccine. "It is going very well. We hope to add a couple of more strains this Fall."

Humatin for dysentery was introduced the first of this year in Brazil, Africa, Mexico and "met with good response." It went on the US market three weeks ago. Norlutin, a fertility drug (also being clinically evaluated for birth control) is "up 30% over last year and we intend to put out a more active version in the near future."

Parke-Davis plans to spend \$11,000,000 on research this year compared with \$9,300,000 in 1958. "Right now we are bringing out a polio vaccine to give longer immunity with a smaller dose." Other new drugs slated for 1960 production: Elase, an enzyme for cleansing wounds; Zarontin "an addition to the epilepsy field" and Camoprin for malaria.

In the future Parke-Davis will concentrate on cardiac and renal (kidney) diseases and a new approach to cancer (it may be caused by a virus). Harry Loynd adds: "We will also emphasize nutrition, geriatrics, pediatrics, tropical diseases and nervous disorders." Parke-Davis

"has done a lot of work on tranquilizers but we haven't come up with one so far." Another possibility: measles and mumps vaccine.

To accommodate expected demand Parke-Davis plans a \$60,000,000 expansion program through 1963 with \$18,000,000 set aside for this year. One project is an additional unit at Rochester to be finished in early 1961. Several months later Parke-Davis will open a second \$7,000,000 chemical plant at Holland, Mich. The company also expects "to move our two surgical dressings plants from Bridgeport and Versailles, Conn to Greenwood, SC."

But the bulk of the expenditures will go for ventures abroad. Foreign volume accounts for one-third of Parke-Davis revenues today and "percentage-wise in the future we will do better overseas than at home." Near-term projects are empty capsule plants in London and Milan "and we are taking a look at additional investments in Pakistan, Argentina, Brazil." President Loynd wants "to make our products available in foreign countries, made by native labor and at prices they can afford to pay. We hope to go to every country where we haven't been and should be."

Michigan Seamless Tube Tally

**Dual Operations In
Midwest and Texas
Promote Growth**

AMID the rich orchards of South Lyon, Mich about an hour's drive from Detroit stands the 170,000 square foot main plant of \$12,000,000-assets Michigan Seamless Tube Company. Relaxing in his pine-paneled office in a converted farm house president William A McHattie likes to describe the equally rural surroundings of Michigan's sole subsidiary, Gulf States Tube Corp of Rosenberg, Texas. "We built it on part of a cattle ranch 35 miles from Houston. First we had to chase the steers out and then hope we wouldn't hit oil. We didn't."

Not that Bill McHattie has anything against oil: he simply feels Gulf States can be more profitable providing tubes for oil producers and petrochemical plants than pump-

ing the black stuff out of the ground itself. Completed in December 1957, the subsidiary makes small diameter tube & pipe ($\frac{3}{16}$ -to-2 inches) used in oil wells, cracking stills, condensers, heat exchangers. In the fiscal year ended last October Gulf States volume climbed 150%. Business was good in Michigan too and the consolidated report showed both record sales and earnings. Volume gained 62% to \$20,400,000 while net income more than doubled to \$1,666,000 or \$2.40 a share *v* \$1.24.

In the North the company's output goes principally to auto, farm equipment, aircraft and appliance makers. The Michigan plant offers a wider range of diameters than the Texas operation— $\frac{3}{16}$ -to-3 $\frac{1}{2}$ inches. Michigan Seamless purchases solid billets from such basic steel producers as Bethlehem, Republic and Copperweld. The round billets are heated,

then forced by powerful rollers through a piercer which forms the tube. The rough tubing is "rolled" for uniformity and "cold worked" to precise specific dimensions by several cold drawing operations.

Most primary steel producers make seamless tube "but it is bigger than ours. They don't want to be bothered with 'spaghetti' because they have to get rid of their big tonnage." Bill McHattie estimates "our output averages about two pounds of steel a foot while tube of the primary producers goes to 15 or 20 pounds a foot." However Michigan Seamless also competes with several small non-integrated producers.

Innovator McHattie. Bill McHattie has worked in each of the mill divisions. Born in Chicago 57 years ago, he graduated from Northwestern Military & Naval Academy in 1920. Several jobs and 13 years later he joined Michigan Seamless (then six years old). "I started as a salesman and was transferred to the shop as an assistant in the polishing department." By 1935 he was general manager and six years later became president & chairman.

The affable executive explains: "Seamless steel tubing is still quite generally made in the US almost as it was 20-to-30 years ago. In contrast significant advances in production methods and techniques have been made in Europe since the War. These inevitably will lead to major changes in our country. How fast they will come I don't know but we are moving to maintain a position of leadership in our particular field."



Topman McHattie

One such move is a \$1,525,000, German-made vertical extrusion press now being installed in Texas. Describes president McHattie: "When I first saw the press during a trip to Europe in 1952, I just couldn't believe it." The press will hollow billets at 80-to-260 feet a minute compared to present piercing methods of 35-to-70 feet. Another advantage: the extrusion press can handle a greater variety of metal grades.

Pending operation of the new press, the Gulf States subsidiary has no equipment to hollow solid billets. The parent plant in Michigan supplies 1,000 tons of roughly hollowed tube shells monthly; others are bought from outside producers. Gulf States then converts and reduces the large tubes into different shapes & sizes.

Gulf States tube will be mostly "hot finished" which means it will

go from the new extrusion press to a reducing mill for final processing, avoid the tedious cold-drawing procedure. President McHattie feels "hot-finished pipe will show the best growth in our company." While not as smooth or accurate as cold-worked tube, hot-finished is especially suitable for oil drilling and "bringing the stuff out of the ground."

The 1,800-ton press is but one part of Gulf States' \$5,000,000 expansion program. By December the subsidiary's annual capacity will have increased $2\frac{1}{2}$ times to 45,000 tons. Additional equipment includes a hydraulic rounding press so the company can buy cheaper square billets and mold them into "rounds" at substantial savings.

While the expanded Southern operation will represent over 50% of total company capacity, Michigan Seamless is not neglecting its home base. Bill McHattie relates: "Sometime in 1961 we will spend \$1,000,000 in South Lyon. This will enlarge our facilities so we can utilize our 12,000 extra tons of tube capacity made excess by the Gulf States extrusion press." The company now turns out 32,000 tons of tubes a year.

Extruded Profits. While the extrusion press will go into operation in August president McHattie expects "nothing in profits from it this year. But by 1961 if we have no mechanical difficulties we will have capacity sufficient to almost double our present volume to \$38,000,000." He sees "no reason why we can't maintain or improve our current profit margins."

For fiscal 1960 Bill McHattie pre-

dicts earnings "around \$2.40 a share" or the same as last year. "That is actually pretty good" he adds "for a lot of steel companies would like to do as well in '60 as they did in 1959."

This assumes a pretty good May-October half. In the six months ended April volume climbed 16% and net inched up to \$943,000 from \$937,000. But since 100,000 extra shares were sold last Summer to finance expansion, this equals only \$1.36 a present share v \$1.58 the year before. President McHattie says "although our present backlog of \$2,600,000 is down quite a bit from last year when there was a build-up in anticipation of the steel strike we are still working around the clock six or seven days a week. I can't remember a five-day week."

The company's 2,200 stockholders have benefited from the hard work. When the stock was split 2-for-1 a year ago the same 25¢ quarterly dividend rate and even the 25¢ year-end extra were maintained on the new shares. President McHattie warns however: "Don't look for another increase this year. We have a lot of money to pay back."

The 693,000 common shares (26% are closely held) trade over-the-counter around 26. This is down four points from the high posted earlier this year but still more than double the 1958 price. Bill McHattie says: "We have considered listing from time to time. It is not imminent but the board is now giving it more earnest consideration than ever before. We are definitely headed in the right direction."

WE HEAR FROM . . .

For the past 14 years the policy of this section has been to print only letters of criticism or additional information. Because they would add little to the knowledge of readers, our numerous complimentary letters will be included only on rare occasions.

Skipper's Skipper

CHICAGO

GENTLEMEN:

I was tremendously interested in your piece about the *Sykes* [IR, May 25].

I shall never forget the emotion on George Fisher's face when I called him in as a Mate to say that he was to be made a Captain.

He said, "Mr Randall, unless you had been born as I was born, you could not know what this means."

Very truly yours,
CLARENCE B RANDALL

Thanks to retired Inland Steel chairman and prominent business statesman Randall for sharing reminiscences with IR and its readers.
—Ed.

Nipped on Nipper

NEW YORK

GENTLEMEN:

I don't remember the day in 1950 when Northern Pacific raced from \$145 to \$1,000 which you described on page 1 of your June 8 issue. Must have been the day I was sick.

Very truly yours,
BILL HINSON

A typographical derailment. The famous corner in Nipper, as Northern Pacific (ticker symbol: NP) is known to Big Board habitués, occurred on May 9, 1901.—Ed.

Doctors on Drugs . . .

ST PETERSBURG

GENTLEMEN:

The inside front cover story "It is the Blue Coins which Count" must be an effort to help investors with their problems. It is a sorely mistaken one and should be answered.

For the clear evidence that consumers

have been grossly overcharged for many drugs is so overwhelming that no one really informed about the situation can have the least doubt about it. Nor can he have any doubt that it must and will be corrected, in some manner, where correction is indicated. Most drugs, not only those that were developed from intensive research, have been overpriced.

Excessive advertising, administered prices, elimination of competition—the life-blood of a free economy—these are among the causes of this problem.

This kind of business injures the consumer, sets him against the pharmacist and manufacturer, it injures the investor, and the national economy, if persisted in. It even injures our international business in drugs.

Years ago the Federal Government was forced to protect the public against the ravages of the electric utility industry. It did so in the public's interest with a kind of vengeance added to justice, many thought. Nevertheless, since this was done the electric utility industry has been one of the most prosperous of the growth industries as well as perhaps the most stable of all of these.

Everyone hopes the drug industry will reform its ways in time and they are sure it will.

Very truly yours,
GEORGE G HOLDT, MD

. . . And Art

OMAHA

GENTLEMEN:

In your issue of April 27th, quoting *Realités*, you stated that a Rosa Bonheur animal scene sold in 1887 [for \$320,000] is now valued at less than \$200.00.

I should be glad to buy all of her paintings that you can get me at that price, and if you can get me "The Horse Fair" I would go as high as \$300.00 or \$3000.00 or \$30,000.

Good paintings are still a good investment and I don't mean paintings by Picasso and his ilk.

Very truly yours,
FREDERICK C HILL, MD



The deadeye infantryman with stovepipe raised is sighting down the barrel of an Army Redeye missile. This one-man defense against air attack is one of the dozen or so missile programs currently in the labs and on the line at Atlantic Research Corp of Alexandria, Va. Under subcontract from the Convair division of General Dynamics, Atlantic makes the combined booster and sustainer rocket motors for the Redeye.

Financially twelve-year-old Atlantic is a very small outfit in a big field but productwise it has some interesting accomplishments to its credit. Mainly through its work in solid propellants and rocketry, Atlantic has shot itself into the outer space business. For example the tiny \$6,577,000-assets firm made the auxiliary spin-up rockets on the Tiros I which were recently fired by remote command to speed up the satellite's stabilizing spin—an amazing two months after Tiros began its orbits.

Similar control rockets are also used on other space projectiles and are so in demand they are considered "off the shelf" items. The same is essentially true of Atlantic's family of meteorological sounding rockets, Arcas, Arcon and Iris. In fact, pace-setter Arcas is now being turned out at the rate of 100 a month.

Last year Government contracts or subcontracts accounted for 80% of Atlantic volume. The rest was in a wide variety of commercial products. An extensive line of lab equipment includes a Z-blade micromixer for blending of minute quantities of research ingredients; also strand burners which determine high-pressure burning rates of experimental strands of solid propellants before the actual firing test stage is reached. In optics Atlantic has developed the Telefold Lens, cheaper and lighter than a standard telephoto lens, which can be employed on TV and other cameras or telescopes. For Bell Telephone repairmen Atlantic makes a teletype message tester.

All told 1959 sales came to \$8,315,000, more than double 1958 and over seven times 1955 sales. Earnings have also been on the rise, virtually doubled in each of the last two years to \$438,000 or 57¢ a share in 1959. Development manager Philip Key Reily Jr says: "We hope to book \$15,000,000 in orders this year." As for earnings, "we're still looking

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for our first million. With luck we'll make it this year but I won't promise."

This projection does not take into account last month's acquisition of Northeastern Engineering, a small Manchester, NH electronic component maker. In the past year or so Atlantic has also bought Prewitt Aircraft (plastic missile components), A M Martin (metal fabrication) and Jansky & Bailey (electronics). Desomatic Products which makes dehumidifiers was added in January. These subsidiaries are not consolidated but healthy earners Jansky & Bailey and Desomatic Products should be "integrated" by the end of this year. Prewitt however runs in the red.

Atlantic Research was founded by chemical engineer Arch Chilton Scurlock who serves as president and organic chemist Arthur W Sloan who is board chairman. Together they own 52% of the 792,000 common shares while other Atlantic employees hold another 18%. This leaves a scant supply of stock for public holders. First offered at 15 a year ago, the common which was listed on the Amex this Spring soared to 56 in April, has since settled around 52. But this is still a supersonic 90 times earnings. Says Phil Reily: "We know it's high and we know we've got to work awful hard to make it worth that."

This is a news and educational publication about financial and business matters. Articles are selected for their news or general interest and should not be considered a recommendation to buy or sell securities.

LITERAL-MINDED

Anyone who loves the English language must wince every day of his life as he hears and sees it abused and misused.

Take the word *discrimination*, for example. It has a perfectly valid meaning—the ability to make distinctions—that is gradually disappearing because the word tends to be used now only in its more specialized sense, the making of unfair distinctions in treatment.

Then there is the adjective *custom*. Webster says it means made or done to order, but custom is constantly misused to imply high quality or premium price without any pretense of made to order.

Perhaps worst of all, *uninterested* and *disinterested* are all too often used interchangeably, even though the first expresses indifference or lack of interest and the second fair-mindedness or lack of bias.

Notice is hereby given that when we use these terms, we wish to be taken literally. Our Research Department exercises discrimination in the first sense whenever our analysts undertake to size up the market prospects for a security. When a prospective investor writes to Research for suggestions on how to invest a sum of money, he gets a proposed portfolio that is literally custom made for him and his situation.

And as for the matter of interest, you'll find us disinterested always, uninterested never.

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